

Hospital Care Assurance Program (HCAP)

Office of Ohio Health Plans
Ohio Department of Job and Family Services



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HCAP Overview

- HCAP is Ohio's Medicaid disproportionate share program, for Acute Care Hospitals.

Compensates hospitals that provide a disproportionate share of care to indigent patients (Medicaid consumers, people below poverty, and uninsured) in accordance with Section 1923 of the Social Security Act.

HCAP Overview

The program:

- Addresses interest of diverse parties
 - Indigent patients and their advocates
 - Hospitals
 - Federal Government
 - State Government



HCAP Overview

Federal Involvement:

- DSH program requires states to make additional payments to hospitals that provide care to a disproportionate share of indigent patients (Medicaid consumers, people below poverty, and the uninsured)
- Feds provide most of the funding
- Allocate (limit) amount of funding available each year
- Requires that the state cannot hold providers harmless from the tax (we can't guarantee hospitals will get back what they pay in tax)
- Limits how much we can pay each hospital (OBRA Cap)
- Assessment rate must be uniform across providers (statewideness)
- Requires that states recognize High Disproportionate Share Hospitals
- Must conduct tax waivers tests annually to report to CMS on demand

HCAP Overview

State Involvement - ORC 5112:

- Contains statutory requirements for program
- In exchange for receiving HCAP funds, hospitals must provide basic medically necessary hospital level services, free of charge to persons whose income is at or below the federal poverty level

HCAP Overview - Funding

State Match

- All hospitals provide state match through assessment (approx. 40%).
- Two tiered assessment
- Total Facility Cost Driven

Federal Match

- Provides approx. 60%
- Federal funding limited year to year
- Funding will remain flat through 2011

HCAP Overview

- **Distribution Mechanism:**
 - Fixed Annual Distribution Amount – Section 1923 (f), Social Security Act
 - Distribution occurs through set of policy pools addressing federal and state requirements tied to federal disproportionate share hospital payments and indigent care
 - Funds (assessment and federal match) are distributed back to hospitals based on a series of complex formulae that use Medicaid, Title V, and UC costs primarily for people below 100% FPL, as proxies for measuring the relative level of each hospital's provision of indigent care services to statewide indigent care services

HCAP Overview

- **Distribution (Cont.):**

Currently has 8 Policy Pools – High DSH, Medicaid Shortfall, UC costs, Rural & Critical Access Hosp., County Redistribution (Closed Hosp.), Children’s Hosp., DSH Limit, & Statewide Residual.

- **Total Distribution (8 years)**

| | |
|-----------------------|---------------------|
| ● 2000: \$526,833,923 | 2001: \$543,031,752 |
| ● 2002: \$562,357,188 | 2003: \$477,456,433 |
| ● 2004: \$552,616,541 | 2005: \$547,745,191 |
| ● 2006: \$545,603,648 | 2007: \$547,960,135 |

HCAP Overview

- Trend Analysis:
- From HCAP 2004 to HCAP 2007, Total Uncompensated Care < 100 and Disability Assistance Costs (Pool 3) increased 61%.
 - HCAP 2004 - \$251,639,387
 - HCAP 2007 - \$405,133,173

HCAP Overview

- Available Funding vs Eligible Hospitals Costs:

| Program Year | Total Funds Distributed | (Assessment + Federal Match) | Total OBRA Cap | Funding Shortfall |
|---------------------|--------------------------------|-------------------------------------|-----------------------|--------------------------|
| 1999 | \$548,517,122 | | \$616,279,916 | \$67,762,794 |
| 2000 | \$526,833,923 | | \$745,227,468 | \$218,393,545 |
| 2001 | \$543,031,752 | (increase due to BIPA 2000) | \$742,183,761 | \$199,152,009 |
| 2002 | \$562,357,188 | | \$710,754,988 | \$148,397,800 |
| 2003 | \$477,456,433 | (reduction due to BBA 97) | \$735,367,219 | \$257,910,786 |
| 2004 | \$552,616,541 | (increase due to MMA of 2003) | \$771,852,665 | \$219,236,124 |
| 2005 | \$547,745,191 | | \$880,663,214* | \$332,918,023* |
| 2006 | \$545,603,648 | | \$943,056,422 | \$397,452,774 |
| 2007 | \$547,960,135 | | \$1,152,751,918 | \$604,791,783 |



HCAP Overview

Questions